United Nations A/AC.109/2001/13

General Assembly

Distr.: General
16 May 2001

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Anguilla

Working paper prepared by the Secretariat

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I. Background information

A. Geography

1. Anguilla[1] lies 240 kilometres east of Puerto Rico, 113 kilometres north-west of Saint Kitts and Nevis and 8 kilometres north of St. Maarten/St. Martin. The Territory has a relatively flat topography, a total landmass of 96 kilometres and includes several offshore islets. The main island has a maximum length of 26 kilometres and a maximum width of 5 kilometres. The capital of Anguilla is The Valley, where 42 per cent of the population reside.

B. History

2. Originally inhabited by the Arawaks, Anguilla was first colonized by British settlers in 1650. For administrative purposes, it was associated with Saint Kitts and Nevis from 1871 to 1980. Following the dissolution of the Federation of the West Indies in 1962, Saint Kitts-Nevis-Anguilla became a State in association with the United Kingdom of Great Britain and Northern Ireland. In 1967, the Anguillan people staged a number of demonstrations in demand for secession from Saint Kitts and Nevis. The events following those demonstrations and protracted negotiations between the two parties led to the intervention of British security forces in 1969 and the enactment of the Anguilla Act of 1971, whereby the United Kingdom reassumed direct responsibility for the administration of the island, appointed a Commissioner and provided for an Island Council. A separate Constitution came into effect in February 1976. In 1980, the Territory formally withdrew from the Associated State of Saint Kitts-Nevis-Anguilla and became a separate dependency (now Overseas Territory) of the United Kingdom.

3. In 1981, further constitutional talks between the Governments of Anguilla and the United Kingdom were held. The Chief Minister of Anguilla recommended that a new constitution, while not providing for a full measure of internal self-government, should nevertheless grant a substantial degree of additional local responsibility to the Government of Anguilla. The House of Assembly of Anguilla approved the changes and the United Kingdom enabled the Anguilla (Constitution) Order to come into force on 1 April 1982. An outline of the Order is provided in the report of the United Nations Visiting Mission to Anguilla of 1984 (see A/AC.109/799, paras. 19-27).

C. Population

4. At the last census conducted in 1984, the population of Anguilla stood at 6,987.[2] However, according to information received from the administering Power, the current population of Anguilla is approximately 11,915.[3] Between 1992 and 1998 the population increased at an average rate of 3.7 per cent per year. There are also several thousand Anguillans living abroad, particularly in the United States of America, the United Kingdom and the United States Virgin Islands.[4]

II. Constitutional, legal and political issues

A. Constitutional structure

5. According to the Anguilla (Constitution) Order 1982, the Government of Anguilla consists of a Governor, an Executive Council and a House of Assembly. The Governor, who is appointed by the Queen, is responsible for defence, external affairs, internal security, public services and offshore finance. On all other matters, the Governor is required to consult with and act on the advice of the Executive Council. The Executive Council consists of the Governor as Chairman, the Chief Minister, not more than three other ministers and two ex officio members (the Attorney General and the Deputy Governor). The House of Assembly is elected for five-year terms. It comprises a Speaker, seven members elected from single member constituencies, the same two ex officio members as in the Executive Council and two members nominated by the Governor, one of whom is appointed after consultation with the Chief Minister and the leader of the opposition.

6. In March 1999, the Government of the United Kingdom issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex).

7. In February 2000, the Governor, Robert Harris, left Anguilla and was replaced by Peter Johnston.

B. Legal system

8. The law of Anguilla is the common law of the United Kingdom, together with all legislation inherited from the former Associated State of Saint Kitts-Nevis-Anguilla up to August 1971 and the local legislation enacted since that date. The law is administered by the Eastern Caribbean Supreme Court, which comprises a Court of Appeal and a High Court of Justice, courts of summary jurisdiction and magistrate courts. The Chief Justice of the Eastern Caribbean Supreme Court has announced the introduction of new initiatives to improve the functioning of the courts in the subregion, which includes Anguilla. These initiatives include the revision of the Supreme Court rules, case management, the need for court reporting throughout the subregion, computerization, unification of the Family Court, and the need for judicial reform and judicial education. According to press reports, the Anguilla Bar Association agrees in principle with the pursuit of a Caribbean Court of Justice to replace the British Privy Council as the legal redress of last resort but it does have reservations about full implementation.

C. Political parties and elections

9. As reported in the 2000 working paper (see A/AC.109/2000/15, para. 8), constitutional deadlock in 1999 led to a political crisis that was finally resolved by elections in March 2000. These elections brought to power a coalition formed by the Anguilla National Alliance (ANA) and the Anguilla Democratic Party (ADP) and led by Chief Minister Osbourne Fleming (ANA). This coalition, known as the United Front, maintained itself throughout the review period. The next elections are due before June 2005.

D. Political issues

10. In the light of the administering Power's White Paper on the Overseas Territories released in March 1999 (see para. 6 above), which called for a modernization of the relationship between the United Kingdom and each of its Overseas Territories, discussions were held between representatives of the Governments of the United Kingdom and Anguilla on 15 and 16 June 2000. As a result of those discussions, the two Governments agreed on a series of strategic objectives to promote economic and social development and democratic and accountable Government. These were embodied in a three-year strategic country programme, for 2000-2003, by which the Government of Anguilla undertook to implement a plan of action for economic and social development whose provisions included the expansion of public infrastructure, environmental management and improving public services. The Government of the United Kingdom agreed to assist in the implementation of the programme by providing £2.25 million in 2000/01, £1.7 million in 2001/02 and £1.5 million in 2002/03.

11. One aspect of both the White Paper and the strategic country programme was the requirement for Anguilla to review its Constitution to ensure that it conformed to the United Kingdom's international obligations, particularly with regard to human rights and financial regulations. In December 2000, the Government of Anguilla decided to establish a Constitutional Review Committee. The Committee decided on a two-stage review process. In the first phase, lasting from January to December 2001, information would be solicited from the general public, academics, international organizations and other Overseas Territories, with a view to assembling elements of a new Constitution that would reflect the ideas of the Territory's population and would be responsive to an increasingly globalized and technological environment. In the second phase, lasting from January to December 2002, recommendations from the consultations in phase I would be published, a popular vote would be held on the main elements of the Constitution, and drafting of the Constitution would be completed.

12. The Chairman of the Constitutional Review Committee requested the assistance of the United Nations Development Programme (UNDP) in providing information on, inter alia, the following themes: the role of the State in economy and society; sovereignty in the context of "globalized" decision-making; cooperative governance arrangements; appropriate constitutional forms for small States; methods of phasing in new constitutional arrangements; the rights, duties and responsibilities of peoples; the promotion of civil society; and

development institutions for popular participation in decision-making.

III. Budget

13. According to the 2001 budget statement of the Minister of Finance, total proposed expenditure for the Territory is EC$ 95.4 million (the Territory uses the East Caribbean dollar, which is fixed at an exchange rate of US$ 1 = EC$ 2.7). Recurrent expenditure accounts for EC$ 88 million, and capital expenditure for EC$ 7.3 million. This represents a total increase in expenditure of EC$ 13.68 million (or 16.7 per cent) over 2000. The increase in recurrent expenditure is EC$ 12.2 million (16.3 per cent) over 2000, and in capital expenditure is EC$ 1.3 million (22.1 per cent). The major increases were for the Ministry of Home Affairs (EC$ 2.74 million), the Water Department (EC$ 2.1 million) and Education and Library Services (EC$ 1.7 million).

14. The most important capital expenditures were on the initial land-acquisition phase for the Wallblake Airport expansion project, completion of the Campus B secondary school, and the improvement of roads around the island.

15. Estimated revenue for 2001 is EC$ 97.5 million. This represents an increase of EC $21.6 million (28.5 per cent) over 2000. Earnings of government departments are expected to be EC$ 19.8 million in 2001, a 34.5 per cent increase over 2000. In general, the increased expenditure of 2001 will be financed by a mix of tax and fee increases, including an increase in the accommodation tax from 8 to 10 per cent, an increase in the alcohol import duty, from EC$ 10 to EC$ 20 per gallon, and an average 50 per cent increase in motor vehicle licence fees. These increases also respond to the Government of Anguilla's agreement in the strategic country programme (see paras. 10 and 11 above) that the tax base is small and fragile, and that the Government needs to ensure adequate revenue flows through taxational measures.

16. As described in the previous working paper (A/AC.109/2000/15, para. 15), in 1998 the Government received significant revenues from the trans-shipment of cargo from non-European Union countries to European Union countries. The practice was suspended owing to the objection of several European Union members, as it deprived the European Union of tax revenues (essentially transferring those revenues from the European Union to Anguilla). A decision on the question from the European Union is apparently still pending, and the Government of Anguilla has not anticipated any trans-shipment revenues in its budget.

17. The proposed budget results in a surplus of EC$ 2.1 million. The surplus will be dedicated to a reserve fund used to help retire long-term government debt and to finance future public sector investment projects. According to the Minister of Finance, the reserve fund represents a significant commitment by Anguilla to be self-reliant. Self-reliance was a major theme of the budget address, and clearly constitutes a concerted policy direction for the island. The Minister noted that the budget included no provision to borrow in order to meet expenditure needs, and that it was a core fiscal policy objective to adhere as closely as possible to the principle of a balanced budget. He said that the recent policy decisions of the community of developed nations, and particularly the new focus of the development community on poverty reduction for the world's poorest countries, had forced Anguilla, whose per capita gross domestic product (GDP) was comparably high, to become self-sufficient rather than to rely on bilateral or multilateral aid.

IV. Economy

A. General

18. Anguilla's economy has continued to grow over the past two years, particularly in the tourism and construction sectors. According to the Government of Anguilla, total output in current prices for 1999 was EC$ 233 million. This represented a growth in real terms of 8.2 per cent. Much of the growth came from the construction sector, as the Government, businesses and homeowners rebuilt following hurricanes José and Lenny.[5] According to government figures, inflation was 2.6 per cent, marginally higher than in 1998.

19. Preliminary estimates indicate that the economy slowed in 2000, growing by only 1 per cent. In large part this was the result of a slump in tourism, the largest contributor to the GDP (see paras. 27-30 below), following the closure of several hotels for repair and refurbishment after being damaged by hurricane Lenny. Given tourism's important multiplier effect on the economy, its decline affected employment

and other sectors. The sector is expected to recover, however, and analysts say long-term growth perspectives are favourable.[6]

20. Anguilla has few natural resources and its economy is dominated by tourism, construction and financial services. The Government itself represents a gradually rising share of the economy. In 1999, government services accounted for 13.6 per cent of the real GDP. This was an increase of 4.2 per cent from 1998, and made Government services the third highest contributor to the GDP. Both higher levels of recurrent government expenditure as well as public sector salary increases helped account for the public sector's rising share of the GDP. The Government considers its role in the promotion of the economy to be critical, and for this reason sought in its 2001 budget to increase its revenues. Part of this increase will be derived from improved collection measures and enhanced services. The Government also anticipates a gain in new revenues with the opening of its domain name registry service (see para. 35 below), and by privatizing the Anguilla Electric Company (Anglec). With regard to the latter, in 2001 the Government of Anguilla will make an initial public offering of its Anglec shares within Anguilla and the East Caribbean subregion. In his budget speech, the Chief Minister called for the creation of a joint Government-Anglec task force to be created with the mandate of implementing the privatization by 31 October 2001. The Government expects to raise more than EC$ 6 million on the sale in 2001, noting that the company has been a financial success and that the market value of its shares should greatly exceed their book value.

21. According to the strategic country programme for 2000-2003 (see para. 10 above), the Government of Anguilla agreed to the necessity of diversifying its economy so as to reduce its vulnerability to external shocks. In particular, three objectives were delineated: (a) to encourage the growth of new industries and business activities; (b) to maximize tourist industry benefits, in part by encouraging local ownership of tourist-related businesses and the creation of local employment; and (c) to promote equitable and "pro-poor" economic growth to ensure that economically marginalized groups are actively targeted.

B. Economic sector

1. Agriculture and fishery

22. Agricultural activity in Anguilla is extremely limited by a combination of factors, including poor soil, the small amount of arable land and irregular rainfall. Notwithstanding the prevailing dry conditions and the unpredictable rainfall patterns existing in Anguilla, agriculture continues to play an important part in the livelihood of the local people (see A/AC.109/2016, paras. 14 and 15) and typically contributes between 3 and 4 per cent of the GDP.

23. Recent agricultural initiatives include the expansion of the drip irrigation system, promotion of commercial fruit production, horticultural development and backyard gardening. The principal crops are pigeon peas, sweet potatoes and maize. Other activities have centred around the commercial development of poultry farming, rabbit production and bee-keeping. New techniques in livestock production and fodder conservation are being developed.

24. According to the territorial Government, there was a decrease of 11 per cent in agricultural activities in 1999 owing to the destruction of crops and livestock as a result of hurricane Lenny. The hurricane also interrupted the long-line fisheries development project, which is in part funded by the administering Power's Department for International Development.

2. Manufacturing/industry

25. Construction was the second largest contributor to the GDP in 1999 (after tourism). Output was recorded at EC$ 37.9 million, or 16.2 per cent of the GDP, an increase of 21 per cent over 1998. Private sector construction was led by the development and rehabilitation of housing stock following hurricane Lenny, as well as continued construction of three new hotels and a new building for the National Bank of Anguilla. The Government's public sector investment programme also boosted the construction sector, as it provided funds for the construction of new courthouse and parliament buildings. In the first two quarters of 1999, 98 building permits were issued, 64 for residential construction, 21 for tourist accommodation and 10 for business construction. This represented a 27 per cent decrease from the same period in the previous year, foretelling a possible slowdown in the sector.

26. The small mining and manufacturing sector comprises salt production, building-block manufacturing and shipbuilding. The sector typically contributes around 2 per cent of the GDP.[4] According to the Government, manufacturing grew by 60 per cent in 1999, mining and quarrying by 9.2 per cent and electricity and water by 20.3 per cent. This relatively strong performance is mostly owing to increases in the construction sector, on which mining and manufacturing are rather dependent.

3. Tourism

27. Tourism continued to be the largest contributing sector to the GDP in 1999. Total receipts from tourism were EC$ 70 million, or about 30 per cent of the GDP. The total number of visitors in 1999, however, at 106,729 was down 6 per cent from 1998, when there were 113,796 visitors to the Territory. Much of this decline was attributed to the effects of hurricane Lenny, which hit the island in November 1999, discouraging visitors during the winter high season. The number of vacationers and businessmen increased, continuing the upward trend of the past few years, but the number of excursionists declined sharply, from 69,992 to 59,947.

28. Taxes on tourism continued to be an important source of fiscal revenue. Receipts from the embarkation tax were EC$ 1.8 million in 1999, slightly higher than in 1998. Accommodation tax revenues increased marginally from EC$ 6.3 million in 1998 to EC$ 6.6 million in 1999. The Government estimated, however, that visitor expenditure on accommodation, meals, transport, entertainment, souvenirs and gifts had decreased by nearly 2 per cent, from EC$ 58.1 million in 1998 to EC$ 56.5 million in 1999.

29. Preliminary figures for 2000 suggest, as anticipated, that the effects of hurricane Lenny were continuing to be felt during the 2000 tourist season. Stopover tourist arrivals between January and September 2000 were 33,103, a 12.7 per cent decline over 1999.

30. The Chief Minister identified in his budget address, inter alia, the following key priorities for tourism: (a) continued work on the development and implementation of an integrated tourism policy; (b) completion of a strategic marketing plan; (c) development of a business support programme for small local tourism enterprises; and (d) preparation of a medium duty-free shopping policy in conjunction with the Ministry of Finance. The Government also stated its commitment to taking steps to ensure that visiting yachts paid all the required fees to operate in Anguilla's waters, especially yachts from St. Maarten/St. Martin that exploit Anguilla's marine resources while contributing nothing to its economy.

C. Finance

31. Anguilla is a zero-tax jurisdiction promoted for offshore banking and insurance. Since 1995 the territorial Government has been developing a comprehensive package of corporation and offshore financial business legislation, including the Companies Ordinance, the Limited Liability Companies Ordinance and the International Business Companies Ordinance. Costs for the formation and licensing of companies in Anguilla are competitive, as are company management fees. Among the incentives that apply to the establishment of offshore banks and trusts are that there are no exchange controls or restrictions on transfers of security and earnings may be retained offshore and repatriated freely.

32. So far, fewer than 5,000 companies have been incorporated in Anguilla compared, for example, to the tens of thousands that are incorporated each year in the nearby British Virgin Islands. Nonetheless, banking and insurance activity represented EC$ 30.34 million in 1999, corresponding to 13 per cent of the Territory's real output. This represented an increase of 2.9 per cent over 1998. According to the Government, the sector's growth can be attributed to the increased profitability of commercial banks.

33. At the same time, the management of Anguilla's financial sector, like that of the other Overseas Territories, has recently been subject to review and criticism from the Organisation for Economic Cooperation and Development (OECD) and the Group of Seven most industrialized countries. In a report released in June 2000, OECD listed Anguilla as one of 35 jurisdictions classified as a "tax haven", that is, those whose tax regimes were considered to be potentially harmful to the rest of the world. OECD hopes to work with those jurisdictions to eliminate the "harmful features" of their regimes prior to July 2001, after which sanctions might be imposed. Following protests by the blacklisted countries over the unilateral and inflexible approach of OECD, an agreement mediated by the Commonwealth was reached in

January 2001, according to which OECD would create a working group to address the problem in a more multilateral and cooperative fashion.[7] Further talks were held in March 2001, in which new ideas were said to have been put on the negotiating agenda in a climate of "improved understanding and progress". OECD said afterwards that it had not changed its fundamental position regarding the need for reforms by July 2001.[8]

34. A further report on Anguilla's financial sector was issued in October 2000 by the consulting firm KPMG. This was an independent evaluation commissioned by the United Kingdom Government and its Overseas Territories (see A/AC.109/2000/15, para. 30) to provide recommendations as to how the Territories might develop accepted norms of regulation in its financial services sector. The KPMG report considered in general that "Anguilla has many of the features necessary to be considered a well-regulated jurisdiction", and noted in particular Anguilla's Commercial Online Registration Network (ACORN), which became operational in 2000. The ACORN system allows entrepreneurs to register a company online within 10 minutes (other Caribbean jurisdictions take at least a full day).[9] The report made a number of recommendations by which Anguilla would improve its regulatory environment. These included making the regulatory authority independent from the Government, bringing the regulatory and reporting standards regarding domestic and captive insurance activities up to the standards of the International Association of Insurance Advisers, and appointing a single regulator for both domestic and offshore banking. In response, the Government of Anguilla noted that the report made a number of positive recommendations, which had already been recognized by the Government as good practice. Those that had not yet been implemented would be prioritized and implemented by September 2001. The Government did not accept all the KPMG recommendations, however, rejecting for example the call to make information about the directors of private companies publicly available.[10]

35. Anguilla has also been positioning itself to take advantage of Internet-based commerce. In April 2000, the Government established the E-Commerce Task Force to provide advice and support in developing an e-commerce strategy for the Territory. The Government is likely to seek ways to use its zero-tax policy to encourage Internet companies — which can generally operate from anywhere — to register in the Territory. The Government expects to receive EC$ 4 million from the registration of internet domain names in 2001.

D. Transport and communications

1. Roadways

36. According to 1998 estimates, Anguilla has a total of 279 kilometres of motorable roads, of which 253 are paved. The continuation of the Government's road improvement programme was the second priority of the capital budget (after development of the airport). In 2000, the Government spent EC$ 5 million on roads, most of it financed by the National Bank of Anguilla and the Caribbean Commercial Bank. In its 2001 budget, the Government committed EC$ 15 million to road improvement. Of this, EC$ 10 million would come from a loan from the Caribbean Development Bank, and EC$ 5 million would come from grant funds from the European Development Fund.

2. Seaports

37. Anguilla has two ports, one at Blowing Point and the other at Road Bay. In December 1998, Anguilla had five ships registered with Lloyds of London, with a total displacement of 1,387 tons.[4] In its 2001 budget, the Government proposed transforming the Seaport Department into its own corporate entity for long-run sustainable and autonomous funding.

3. Airports

38. Anguilla has three airports, two of which are unpaved and have runways less than 1,000 metres long. The main airport, Wallblake Airport, is paved and has a runway of 1,100 metres. As there are no refuelling facilities, aeroplanes can only land when carrying enough fuel to return, limiting the loads they may carry. The Government's top capital expenditure priority in 2001 is the acquisition of land near the airport in order to begin expanding the airport in 2002. As with the Seaport Department, the Government has proposed transforming the Airport Department into a separate corporate entity capable of raising its own financing.

4. Communications

39. Anguilla has a modern internal telephone system and a microwave relay to St. Maarten/St. Martin for international calls. The system is operated under a

monopoly by the British company, Cable and Wireless, which has a number of Caribbean franchises. According to the Government's budget, in 1999, the communications sector accounted for 11.9 per cent of the real GDP, an increase of 9.4 per cent from 1998. The increase was attributed to the continued expansion by telecommunications and cable television companies.

E. Water system, sanitation system and utilities

40. In general, the Government has committed itself in the strategic country programme formulated with the administering Power (see para. 10 above) to improve the quality of its public utilities infrastructure. In particular, according to its 2001 budget, the Government listed expanding access to public water as one of its infrastructural priorities, along with increasing purchases of water from private producers for distribution to consumers. This measure responds to water shortages that occurred in 2000. The Government expected a shortfall of EC$ 2 million in revenue from water sales in 2000, but said that the problem would be nearly solved by 2001, when the Government expects to increase water revenues from EC$ 3 million to EC$ 7.5 million. This substantial increase is expected to result from an agreement signed with Ionics-Aqua Design to increase its sales to the Government from 500,000 gallons to 750,000 gallons daily in 2001.

V. Social conditions

A. General

41. Living standards and social indicators in Anguilla compare favourably with other countries in the region. The literacy rate is 95 per cent, life expectancy is 76 years (73 for men and 79 for women) and the infant mortality rate is 25 deaths per 1,000 live births.[11]

42. Anguilla has had a social security scheme since 1982. In the 2001 budget, the Government announced plans to establish a permanent programme within the Social Security Board to assist the elderly and other economically deprived groups, regardless of whether or not they had contributed to the social security fund. The initiative would raise EC$ 1 million in new contributions in 2001. Government expenditures on health, education, law and order, and administration services accounted for EC$ 31.7 million in 1999 (13.6 per cent of the GDP).

B. Labour

43. According to the most recent census, in 1992, the economically active population in Anguilla (that is, persons aged 14 years and over) numbered 4,446 (2,553 males and 1,893 females). At that time, 35 per cent worked in tourism, 23.5 per cent worked in community, social and personal services, 18 per cent worked in construction and 5.2 per cent worked in financing and insurance. Unemployment was 7 per cent.[4]

C. Education

44. Education is free and compulsory between the ages of 5 and 14 years. There are six government primary schools and one government secondary school, the Albena Lake-Hodge Comprehensive. As part of the government policy to enable Anguilla to meet both its present and future needs, the problem of overcrowding is being addressed by the construction of another campus, as well as the implementation of curriculum reforms.

45. Government priorities for education for 2001 include the opening of the Campus B secondary school, continuation of the institutional strengthening and management development components of the secondary school development project; and implementation of programmes under the five-year education development plan, including the establishment of governing and management boards for secondary and primary schools and the improvement of discipline, particularly in secondary schools. The total budget allocation for education in 2001 was EC$ 12.5 million, compared with EC$ 11.8 million in 2000 and EC$ 10.5 million in 1999.

D. Public health

46. The Government remains committed to providing primary health care for all Anguillans. The Territory is served by the 24-bed Cottage Hospital and the Princess Alexandra Hospital, a 36-bed facility financed by the United Kingdom.

47. The 2001 budget allocation for primary health care was EC$ 4.3 million, an increase over the 1999 budget of EC$ 3.8 million. Of the total, EC$ 30,000 was designated for the national AIDS programme. In addition, EC$ 8.4 million was budgeted for secondary health care, which includes funding for the Princess Alexandra Hospital. This represents a significant increase (more than 20 per cent) over the EC$ 6.9 million approved in 2000, and the EC$ 6 million actually spent in 1999.

48. The Government listed as its health priorities in 2001 the conversion of the Princess Alexandra Hospital to a statutory health authority; the strengthening of the Primary Health Care Department; expansion of mental health and psychiatric services; development of the Environmental Health Section of the Primary Health Care Department; and improvement in the coverage and quality of solid waste disposal services.

E. Immigration

49. Anguilla's rapid economic development over the past decade in particular has created a demand for labour from outside the island. In 2000, the net migration rate was 19.75 migrants per 1,000 inhabitants.[11] Immigration was regulated according to Anguilla's Immigration and Passport Ordinance and its Control of Employment Ordinance, both enacted in 1980. According to the latter Ordinance, work permits cannot be granted for more than four years, except in cases where the skills of the person are considered to be critical to the development of Anguilla. The Ministry of Home Affairs, which governs the Immigration and Labour Department, suspects that a number of expatriate workers have remained on the island illegally, beyond the expiration of their work permits. According to the Ministry's 2001 policy, those who are illegally residing on the island may be favourably considered for Permits of Permanent Residence if they have been continuously resident in Anguilla for at least 10 years and if they submit an application for permanent residence by 31 December 2001.

50. The Department also noted the need to harmonize its immigration policy with the British Nationality Act of 1981 and the European Convention on Nationality, particularly with respect to residence without immigration restrictions, statelessness and basic human rights relating to residence status. In order to better manage its immigration policy, the Government proposed in its 2001 budget the restructuring of the Immigration and Labour Department as two separate departments within the Ministry of Home Affairs.

51. In accordance with its intentions announced in the White Paper on the Overseas Territories, the United Kingdom Government offered British citizenship, along with the right of abode, to qualified residents of the Overseas Territories. Originally, the administering Power had suggested that that citizenship and right of abode should be reciprocal between the Overseas Territories and the United Kingdom, but ultimately agreed to drop reciprocity, acknowledging that the size of the Territories and their populations would not allow the influx of possibly large numbers of outsiders. People who take advantage of the new status will gain the right to travel freely throughout the European Union.[12]

F. Human rights and related issues

52. The Territory is subject to certain major human rights conventions that were acceded to by the administering Power. These include the International Convention on the Elimination of All Forms of Racial Discrimination and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

53. Human rights issues in the Overseas Territories were addressed by the administering Power in the White Paper (see para. 6). With respect to the possibility of introducing reform of current legislation banning homosexual acts, the former Chief Minister of Anguilla expressed his opposition to initiating a bill to such effect in the Anguilla House of Assembly.

54. In December 2000, the United Kingdom Privy Council amended the laws of all British Caribbean Overseas Territories to decriminalize private homosexual acts between consenting adults. This action was taken after Governments of Overseas Territories informed the United Kingdom that they would not reform their own legislation on the question.[13]

G. Crime

55. The crime rate in Anguilla is relatively low by regional standards. The Government, however, has

noted an increase in crime, which it said required a strengthening of the Prison Service. The Government therefore proposed an increase of EC$ 171,152, one of the largest percentage increases in the budget (31.3 per cent compared with 2000). The Prison Service will focus on the development of professional cadre of prison officers who are trained in techniques of criminal rehabilitation. The Government also proposed to increase funding to the Royal Anguilla Police Force by EC$ 288,478 (7.3 per cent compared with 2000). The increase is primarily to allow the police to expand its training programme.

56. According to an international narcotics control strategy report on the Caribbean issued by the United States Department of State in March 1999, in general the British Overseas Territories in the Caribbean are not significant drug-producing locations but Anguilla's geographical position makes it a prime trans-shipment route, particularly vulnerable to airdrops of cocaine in the surrounding seas and offshore islands. However, cooperation among Anguillans, French and Dutch officials in St. Maarten/St. Martin is good. Senior police officers routinely hold joint meetings to address issues and exchange drug-related information. The French authorities in St. Martin have become more active in taking measures to reduce the transfer of small quantities of drugs to Anguilla via passenger ferry. Nonetheless, recent reports suggest that narcotics-trafficking organizations may be increasing their transit and money-laundering operations in the eastern Caribbean, and Anguilla is a likely target of this expansion.[14]

VI. Environment

57. In addition to the environmental programmes described in the previous working paper (see A/AC.109/2000/15, paras. 32-34), the Government of Anguilla is committed to an action plan on the environment as part of its strategic country programme agreement. The action plan (see para. 10 above) commits the Government, inter alia, to the following actions: promoting high-quality environmental appraisal within the planning and development process to ensure that environmental risks are integrated into development projects; developing a capacity within government and civil society to implement environmental management systems; establishing protected areas for key terrestrial and marine habitats; implementing an effective national fisheries management plan; introducing air, noise and litter pollution measures by mid-2001; developing a solid-waste collection and disposal system; and maintaining standards of water quality control.

VII. Relations with international organizations/arrangements

58. The Government of Anguilla cooperates directly with other Caribbean Governments and participates in regional conferences and projects organized by Governments and regional and international organizations and agencies. The first UNDP country cooperation framework for Anguilla, which was approved by the Executive Board in 1997 for the period January 1997 to December 1999, was extended to December 2000, owing to the fact that national development priorities have not changed and therefore the component projects of the framework remain relevant (see DP/CCF/ANL/1/EXTENSION 1). The Territory is a member of the Caribbean Development Bank, the University of the West Indies and the Eastern Caribbean Central Bank, and holds observer status in the Organization of Eastern Caribbean States. The Territory is represented at the annual meetings of the Caribbean Group for Cooperation in Economic Development, sponsored by the World Bank. On 28 September 1999, Chief Minister Hughes addressed the General Assembly at its special session on the implementation of the 1994 Programme of Action for the Sustainable Development of Small Island Developing States on behalf of Anguilla, the British Virgin Islands, the Turks and Caicos Islands and Montserrat. Anguilla had participated in the Global Conference on the Sustainable Development of Small Island Developing States in 1994 as a member of the United Kingdom delegation. The Chief Minister stated that because Anguilla had a tourist economy, the island had a high per capita income and as a consequence did not qualify for many United Nations aid programmes. He said that while it was true that very high wages were paid out to the 10 per cent top-paid expatriate technical and managerial staff in the tourism and now growing financial services industries, the bulk of the local workers were paid very small wages. He felt that that was unfair and that that means of assessing the needs of the Territory should be revisited.

59. As a British Overseas Territory, Anguilla's relationship with the European Union is governed by Britain's legislation and British agreements with its European partners.

VIII. Future status of the Territory

A. Position of the territorial Government

60. As discussed above (see paras. 11 and 12), a constitutional review is currently being undertaken by the Constitutional Review Committee, set up by the territorial Government in cooperation with the administering Power and with the assistance of UNDP.

B. Position of the administering Power

61. In addressing the Fourth Committee of the General Assembly on 26 September 2000, the representative of the United Kingdom said that over the past year further progress had been made towards the modernization and development of the relationship between the United Kingdom and its Overseas Territories. The inaugural meeting of the Overseas Territories Consultative Committee had taken place in 1999, and the second meeting was to be held in London on 3 and 4 October 2000. The meeting provided a forum for structured political dialogue and exchange of views between the elected representatives of the Overseas Territories and the United Kingdom Government concerning the management of public affairs and the future development of the Overseas Territories. The representative said that her Government provided support to Territories afflicted by disaster, and offered a wide range of development assistance to those Territories which needed it. At the same time, in the spirit of partnership, it continued to promote sustainable development under strategic country programmes. She said that for her Government the wishes of the peoples concerned, exercised in accordance with the Charter of the United Nations and other international treaties, were of paramount importance. The relationship continued to be based on the principles of self-determination, mutual obligations, freedom for the Territories to run their affairs to the greatest degree possible, and a firm commitment from the United Kingdom to help the Territories economically and to assist them in emergencies. She said that her Government welcomed the efforts made by the Special Committee to pursue informal dialogue with the administering Powers in order to ascertain the wishes of the peoples of the Territories with a view to the possible removal of those Territories from the Special Committee's list (see A/C.4/55/SR.4, paras. 1-4).

62. According to the Foreign and Commonwealth Office,[15] on 6 December 2000, Baroness Scotland, Under-Secretary of State for Foreign and Commonwealth Affairs, reaffirmed that the Government of the United Kingdom remained committed to introducing legislation as soon as possible to ensure that the United Kingdom's offer of citizenship, as outlined in the White Paper on the Overseas Territories (see A/AC.109/1999/1 and Corr.1, annex), was delivered (see para. 51 above). She also said that her Government had initiated a consultation process with the Overseas Territories on issues relating to the legislation and its implementation. The process put her Government in a prime position to act as soon as the bill became law.

C. Consideration by the United Nations

63. On 8 December 2000, the General Assembly adopted resolution 55/144 B, section II of which is specifically devoted to Anguilla.

Notes

[1] The information contained in the present report has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73*e* of the Charter of the United Nations.

[2] *United Nations Population and Vital Statistics Report*, Statistical Papers, Series A, vol. LII, No. 1 (January 2000).

[3] United Kingdom White Paper, "Partnership for progress and prosperity", appendix I, March 1999.

[4] *Europa World Yearbook 2000*, 41st ed., vol. II, "United Kingdom Overseas Territories: Anguilla".

[5] Government of Anguilla, "Estimates of recurrent revenue, expenditure and capital budget 2001".

[6] Economist Intelligence Unit (EIU) Country Briefing, "Caribbean Economy", 14 February 2001.

[7] *Financial Times*, Country Briefing, 16 January 2001.

[8] Reuters, 3 March 2001.

[9] Reuters, 1 October 2000.

[10] Government of Anguilla, press release, 9 February 2001.

[11] *CIA World Factbook 2000* (www.cia.gov/cia/publications/factbook/geos/av.html).

[12] Foreign and Commonwealth Office, "Focus International", July 2000.

[13] *The Island Sun*, 21 December 2000.

[14] Janes Information Group, "Central America and the Caribbean Risk Pointers — Anguilla", 17 August 2000.

[15] www.fco.gov.uk/news.